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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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In the Matter of

Federal-State Joint
Board on Universal
Service

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CC Docket No. 96-45

Reply of General Communication, Inc.

Pursuant to Section 1.429 of the Commission's rules, General Communication, Inc. (GCI) hereby submits its reply to comments and oppositions filed in the above captioned proceeding. No party opposed GCI's request to permit all telecommunications carriers to receive support for providing service to rural health care providers. The Commission must affirm that support is competitively neutral, portable and will be reduced for the incumbent LEC as a competitor gains customers.

I. All Telecommunications Carriers Should Be Eligible to Receive Support for Providing Service to Rural Health Care Providers

As pointed out by GCI and the Alaska Public Utilities Commission (APUC) in their petitions for reconsideration, the Commission must reconsider its position and allow all telecommunications carriers to receive support for providing service to rural health care providers. The State of Alaska supports this position in their comments. If the Commission does not reconsider this matter, no one in Alaska will be eligible to provide service to rural health care providers. This is contrary

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to the Telecommunications Act of 1996, which mandates that such service be provided to rural health care providers at a price that is comparable to rates charged for similar services in urban areas. If no carrier is eligible to receive the support, then services will not be available to providers in Alaska, a state where telemedicine would bring better services to rural Alaska.

The services needed by the rural health care provider are primarily interexchange service between the village and the regional center of Anchorage. The ILECs in Alaska do not provide any toll service. This service is provided exclusively by the interexchange carriers, GCI and Alascom. The ILECs are beginning to go in the toll business in Alaska. However, these services are provided exclusively through a separate corporation who could not separately qualify for designation as an ETC.

Only allowing eligible telecommunications carriers (ETCs) to receive support is inconsistent with the Communications Act and is contrary to the public interest. Congress specifically stated that a telecommunications carrier was eligible for the offset against its universal service obligation. Congress did not mandate that only eligible telecommunications carriers would be eligible to provide the service to rural health care providers. As mandated by Congress, the Commission must allow all telecommunications carriers to provide universally supported services to rural health care providers.

II. Rural Telephone Companies Must Face Competition

As mandated by the Telecommunications Act of 1996 and the Commission rules, competitive LECs will receive support to the extent that carrier is an ETC and captures either customers previously served by the ILEC or customers never served by the ILEC.¹ Many of the rural ILECs oppose these policies.² In reality they are striving to protect their monopoly and do not want to face competition. As outlined by many commenters,³ the Commission must have in place a competitive neutral, customer portable system for universal service, including rural areas. The Act does not carve out a special monopoly exception for these carriers.

As noted by GCI in its petition for reconsideration, it appears that the ILEC appears will continue to receive the same amount of total support, even though it has lost customers due to competition. Section 54.307(a)(2) states

The ILEC's per-line support shall be calculated by dividing the ILEC's universal service support by the number of loops served by that ILEC at its most recent annual loop count.

The rules do not clarify that the ILEC will lose support as they lose customers due to competition. The Commission should clarify

¹GCI has sent letters to several rural telephone companies in Alaska requesting interconnection under Section 251. GCI and these rural telephone companies are currently in the negotiation process.

²Comments of RTC and USTA.

³See pleadings of GCI, Airtouch, AT&T, Comcast Cellular and Vanguard Cellular, CTIA, MCI and TCA filed on August 18, 1997.

this issue.

Conclusion

The Commission must allow all telecommunications carriers to receive support for providing service to rural health care providers. The Commission must also continue its policy of a competitive neutral, portable universal service fund, particularly in rural areas.

Respectfully submitted,

GENERAL COMMUNICATION, INC.

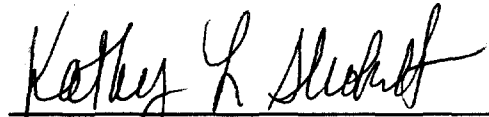


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August 28, 1997

STATEMENT OF VERIFICATION

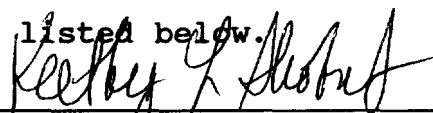
I have read the foregoing, and to the best of my knowledge, information and belief there is good ground to support it, and that it is not interposed for delay. I verify under penalty of perjury that the foregoing is true and correct. Executed August 28, 1997.

A handwritten signature in cursive script, reading "Kathy L. Shobert", written over a horizontal line.

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CERTIFICATE OF SERVICE

I, Kathy L. Shobert, do hereby certify that on this 28th day of August, 1997 a copy of the foregoing was mailed by first class mail, postage prepaid, to the parties listed below.


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